

**IOWA AGRICULTURAL
DEVELOPMENT DIVISION**

IADD BOARD MEETING MINUTES

August 22, 2014

10:30 a.m.

**Wallace Foundation Learning Center
53020 Hitchcock Avenue, Lewis, IA**

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Board Members Absent

None

Staff Members Present

David Jamison, Executive Director	Tim Jansen, Accounting Manager
Lori Beary, Community Development Director	Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program Specialist	

Others Present

Dave Claypool, Dorsey & Whitney	Bruce Green, Farm Credit
Bill Anderson, USDA – FSA	Doug Heinichen, Farmer
John Baker, Iowa State	Nathan Katzer, Farm Bureau
Roger Buboltz, beginning farmer	Lonny Kolln II, Willson & Pechacek
Donna Drea	Alan Ladd, ISU Extension
Mick Drea	Adrienne McFarland, CPA
Shane Ellis, ISU	Thomas McFarland
Shane Eloee, Dickinson & Clark	Heath Putnam, Farmer
Paul Fullerton, Community State Bank	Doug Rieken, Bank Iowa
Taunia Ganzer, USDA – FSA	Jennifer Walkup, CPA
Kevin Garrett, CPA	John Watson, Farmer
Brian Gossling, USDA – FSA	Benjamin Wischnowski, Willson&Pechacek

Call to Order

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on August 22, 2014 at 10:41 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

Review of Minutes of July 23, 2014 Board Meeting

Mr. Leonard presented the minutes of the July 23, 2014 IADD Board Meeting.

MOTION

Ms. Townsley asked whether two BFLP applications that were approved in July were going to be able to use the program. Tammy Nebola answered that the loans had not yet closed but planning on closing in the near future.

Ms. Townsley also asked for an update on the BFTC issue where a landowner broke the lease with the beginning farmer. Steve Ferguson responded that a letter was sent to the landowner. It is now up to the Department of Revenue to collect the prior tax credits.

On a motion by Ms. Townsley and a second by Ms. Euken the Board unanimously approved the minutes of the July 23, 2014 IADD Board meeting.

Review of July 2014 financial statement

Tim Jansen presented the July 2014 financials. He stated that in for the first month of FY15, IADD had operating income of \$32,691, operating expense of \$34,049 and net operating income of -\$1,358.

Mr. Leonard explained to the audience that it is not unusual for IADD to show an operating loss in the summer months.

Ms. Townsley asked for clarification of the equipment and software expense. Mr. Jansen explained that it is an annual maintenance fee for the scanning software IADD uses.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the July 2014 financial statement as presented.

BFLP Amending Resolutions

Tammy Nebola presented the following resolutions to adjust terms and conditions on closed BFLP projects:

Resolution 4585M – Daren Rinderknecht – Community Savings Bank in Edgewood is the lender. The amendment will lower the payment amount from \$1,458.38 to \$1,049.55 beginning October 1, 2014 and continue each 1st of the month until maturity on December 1, 2026 at which time a balloon payment will be due consisting of all outstanding principal and interest. The interest rate of 4.5% will not change. All other loan terms will remain the same.

Resolution 4787M – Wesley Gould – Central State Bank in Muscatine will be the lender. The amendment will change the bondholder from County Bank in Sigourney to Central State Bank in Muscatine. The interest rate will be lowered from 4% to 3.5% until July 10, 2019 at which time the rate will adjust to the index of .25% above the announced New York Prime Rate adjustable every 5 years. The amortization schedule will change from 30 years to 25 years which changes the maturity date from July 10, 2043 to July 10, 2039. Due to the shorter term, the payment amounts will change from \$8,537.91 to \$8,870.82 beginning July 10, 2015 and continuing each

July 10 until maturity. The rate ceiling will remain the same at 8% and the rate floor will decrease from 4% to 3.5%.

Resolution 4788M – Aaron Gould – Central State Bank in Muscatine will be the lender. The amendment will change the bondholder from County Bank in Sigourney to Central State Bank in Muscatine. The interest rate will be lowered from 4% to 3.5% until July 10, 2019 at which time the rate will adjust to the index of .25% above the announced New York Prime Rate adjustable every 5 years. The amortization schedule will change from 30 years to 25 years which changes the maturity date from July 10, 2043 to July 10, 2039. Due to the shorter term, the payment amounts will change from \$11,674.11 to \$12,053.65 beginning July 10, 2015 and continuing each July 10 until maturity. The rate ceiling will remain the same at 8% and the rate floor will decrease from 4% to 3.5%.

Mr. Leonard explained that the original bondholder must agree to transfer the bond to another bank.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously accepted the BFLP amending resolutions.

Beginning Farmer Loan Applications

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 14-034 – Jason and Alissa Van Maanen – Beginning farmer loan of \$212,000 to construct a 1,200-head hog nursery in Lyon County. The loan will have a variable interest rate of 4% and a loan length of 15 years. The index will be 70% of American State Bank's Base Rate fixed for the first five years. The lender is American State Bank of Hull, Iowa.

Ms. Nebola stated that she is still waiting on the feeding contract for this project.

AG 14-035 – Brock and Danniele Anderson – Beginning farmer loan of \$75,000 to construct a shed for use in their cattle operation in Calhoun County. The shed will be used to store their equipment, hay and for calving in bad weather. The loan will have a variable interest rate of 3.46% and a loan length of 20 years. The index will be 1.35% below the bank's real estate rate with a call option every seven years. The lender is Security Savings Bank in Farnhamville, Iowa.

AG 14-036 – Brian Schmitt– Beginning farmer loan of \$27,000 to purchase ewes and approximately 200 head of sheep in Plymouth County. The loan will have a fixed interest rate of 3.610% and a loan length of 5 years. The lender is Iowa State Bank in Remsen, Iowa.

AG 14-037 – Patrick and Stacy Flynn – Beginning farmer loan of \$500,000 to purchase approximately 451 acres of agricultural land in Keokuk County. The loan will have a variable interest rate of 3.75% and a loan length of 30 years. The index will be 75% of Libertyville

Savings Bank Rate fixed for the first ten years with a rate floor of 3.75%. The lender is Libertyville Savings Bank in Keota, Iowa. The down payment will be a gift from their parents.

Mr. Borg raised a question about whether the borrower had access to adequate equipment. The equipment listed on the financial statement was for his construction business. Ms. Nebola will follow-up and verify that the beginning farmer has access to adequate farm equipment.

Mr. Leonard also requested a statement from the beginning farmer that he will actually be farming the land.

AG 14-038 – Cory Moore – Beginning farmer loan of \$240,000 to purchase approximately 201 acres of agricultural land in Marion County. The loan will have a variable interest rate of 4.75% and a loan length of 30 years. The index will be 85% of 2.5% over the 5-year Treasury rate with a rate floor of 4.75%. Thirty days prior to any periodic interest rate adjustment period, either party may notify the other party of their intent to discontinue with the agreement. The lender is US Bank in Pella, Iowa.

MOTION

Ms. Euken made a motion to recommend approval of AG 14-035, AG 14-036 and AG 14-038 as presented and to recommend approval of AG 14-034 subject to receiving the feeding contract and AG 14-037 subject to receiving information regarding equipment. The motion was second by Mr. Borg and unanimously approved.

Public Hearing on Beginning Farmer Loans

A public hearing was held by the IADD Board at the Wallace Foundation Learning Center in Lewis, Iowa on August 22, 2014 at 11:07 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 11:08 am.

MOTION

On a motion by Ms. Townsley and seconded by Mr. Fredrickson, the Board unanimously recommended approval of the BFLP Bond documents.

Beginning Farmer Tax Credit Applications

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 40 new BFTC applications for an estimated tax credit amount of \$226,463. He noted that of those, 26 are cash rent, 13 are crop share and 1 is a hybrid lease. With tax credits approved previously and these applications, approximately \$4,947,204 in beginning farmer tax credits have been allocated so far in 2014.

Mr. Borg noted that many of the BFTC leases are between father and son. He asked staff to explain how they verify that the beginning farmer is actually the one farming the land. Mr. Ferguson said that they review the financial statement of the beginning farmer, they look for farming experience in the letter received with the application and they verify that the beginning farmer is the operator of record on the USDA Farm Service Agency (FSA) 156 Form.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications 1559 - 1598.

Marketing Update

Included in the Board packet is the IADD marketing calendar. Steve Ferguson discussed the events he's been attending and the ones coming up. He also mentioned the recent article in Wallaces Farmer about the IADD programs.

Other Business

Mr. Leonard introduced himself and his background and experience with the IADA and IADD boards. He also explained the Loan Participation Program, how it was established and the benefit it has given to bankers and beginning farmers.

The next IADD Board meeting will be on Wednesday, September 24, 2014 at 8:30 a.m. via conference call.

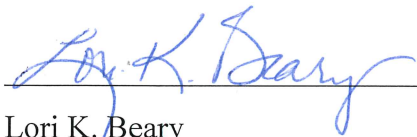
Mark Leonard and Steve Ferguson will be attending the NARRC conference and Tammy Nebola and Steve Ferguson will be attending the NCOSAFP conference.

Adjournment

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the August 22, 2014 meeting of the IADD Board of Directors adjourned at 11:28 a.m.

Dated this 24th day of September, 2014.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Vice Chair
IADD Board